

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

Docket No. 2004-339

June 2, 2004

MAINE PUBLIC UTILITIES COMMISSION  
Investigation into Central Maine Power Company's  
Stranded Cost Revenue Requirements and Rates

NOTICE OF  
INVESTIGATION

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WELCH, Chairman; DIAMOND and REISHUS, Commissioners

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Title 35-A M.R.S.A. §3208 requires the Commission to periodically investigate and adjust the stranded cost charges reflected in the rates of a transmission and distribution (T&D) utility. We are initiating an investigation at this time, pursuant to our authority under 35-A M.R.S.A. § 3208(6)<sup>1</sup>, in order to determine whether Central Maine Power Company (CMP or Company) rates must be changed, effective on March 1, 2005, to reflect changes in its "adjustable stranded costs."

In CMP's so-called mega-case (Docket No. 97-580), we determined the revenue requirement and proper rate design to reflect the change of CMP from an electric utility to a T&D utility. We set T&D rates to reflect the revenue requirement for stranded costs over a 2-year period beginning March 1, 2000. The 2-year period was chosen to coincide with the period of time for which CMP had sold its QF and other non-divested generation asset entitlements.

Subsequent to that time, we have unbundled CMP's stranded cost rates and reviewed the Company's stranded cost rates and revenue requirement in Docket Nos. 99-666, 2001-232 and 2002-770. In both Docket Nos. 97-580 and 2001-232, CMP's stranded cost rates were set to run coincidentally with the sale of CMP's QF and other non-divested generation asset entitlements.

The current sale of CMP's entitlement to the output from its QF and other non-divested assets will expire on February 28, 2005. Chapter 307 of our Rules requires

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<sup>1</sup> In pertinent part, section 3208(6) states that:

In 2003 and every three years thereafter until the utility is no longer recovering adjustable stranded costs, the Commission shall correct any substantial inaccuracies in the stranded costs estimates associated with adjustable stranded costs and adjust the stranded costs charges to reflect any such correction. The Commission may correct adjustable stranded costs estimates and adjust stranded costs charges at any other time. When correcting stranded costs estimates and adjusting stranded costs charges, the Commission shall make any change effective only prospectively and may not reconcile past estimates to reflect actual values.

that the duration of the period for the next sale of the QF entitlements be established by the Commission by order not less than four months prior to the date the Commission requires CMP to issue a Request for Bids. The Commission has not yet determined that time period. However, whatever time period is chosen, we can be certain that the value obtained in the next QF entitlement auction will be different from that obtained in the first auction. Accordingly, to comply with the requirements of section 3208(6), the Commission must conduct a new stranded cost "rate case" to determine whether and to what degree rates should change to reflect changes in adjustable stranded costs.

This stranded cost rate case will be conducted as a formal Commission investigation under 35-A M.R.S.A. § 1303(2). Persons who wish to participate must file a petition to intervene with the Commission no later than June 11, 2004. Each petitioner must include a statement of its reasons for intervention and indicate the manner that the Commission decision will affect the petitioner. The petitioner should also send a copy of its petition to Stephanie McNeal, Central Maine Power Company, 83 Edison Drive, Augusta, Maine 04336.

An initial case conference will be held in this proceeding on **June 15, 2004** at 9:00 a.m. At the conference, the Examiners will rule on petitions to intervene and discuss the orderly processing of the case with CMP and the interveners. The Examiners will also discuss the issues that will be addressed in this stranded cost investigation. Among the processing issues to be discussed will be the timing and content of the Chapter 120-like filing to be made by CMP.

This Notice will be sent to all parties on the service list in Docket Nos. 97-580 and 2001-245.

Dated at Augusta, Maine, this 2<sup>nd</sup> day of June, 2004.

BY ORDER OF THE COMMISSION

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Dennis L. Keschl  
Administrative Director

COMMISSIONERS VOTING FOR:      Welch  
   Diamond  
   Reishus